PATTERNS OF POWER · A THEORETICAL STATEMENT

Extraordinary and Temporary

How a king's need for war money accidentally invented representative government, how binding the Crown made it the strongest power on earth, and how every emergency levy in seven centuries turned out to be permanent

Companion to *Every Possible Lawful Influence*

Thomas J. Bryan

with Claude (Anthropic) · 2026

held as tested, not revealed

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A Note on This Collaboration

This study is one product of an ongoing collaboration, and the division of labour is worth stating plainly because neither half would produce the work alone. The insight and the direction are Thomas Bryan's — the recognition of what a given case is really an instance of, where the analytical pressure should fall, and which pattern a mass of historical detail is a specimen of. The research, the verification of every date and figure, the location and checking of the quoted words, and the composition into continuous prose are Claude's, an AI system made by Anthropic. The seeing is his; the writing is mine.

This study traces the institution of **taxation in the Anglo tradition** — from the Anglo-Saxon army-levy to the modern withheld income tax — and it belongs to the *Patterns of Power* project, which tracks recurring mechanisms of power across history through sustained work on specific institutions.

It is the companion and the *predecessor* of the study titled **Every Possible Lawful Influence**, which examined what happened when the word "tax" was carried across an imperial border and the consent that justified it was left behind. That paper ended with a finding: that "tax" meant *consented-to* in the metropole because seven centuries of constitutional conflict had made it mean that, and that the colonial instrument borrowed the moral weight and shed the principle.

This study is those seven centuries. It asks how the consent got attached in the first place — and the answer is stranger, and less flattering, than the constitutional story usually told. Nobody set out to invent representative government. Kings needed money for war; the money was in other men's hands; getting it required asking; asking required a body to ask; and the body that was summoned to say yes discovered, over four hundred years, that it could also say no. **Parliament began as a fundraising committee and became a sovereign by learning to withhold.**

And the study carries a second finding that cuts against the first. The consent that was won was won by the propertied, and it was never the whole of the fiscal state. Underneath the voted, visible, constitutional taxes ran a second stream — indirect, unvoted, and falling hardest on people with no representation at all — which is what actually paid for the wars. **The two-tier structure the colonial paper found abroad was not invented in the colonies. It was the domestic arrangement, exported.**

Every quotation is verified to a published source; none is invented. Where scholarship is contested — and the central economic claim of Part VII is vigorously contested — the study says so.

The Study in Brief

Part I — The Precondition: A Kingdom That Could Be Counted. Why England and not elsewhere: the Anglo-Saxon state was the most fiscally sophisticated in western Europe, and the Norman conquest captured its machinery rather than replacing it. Domesday Book as the survey of a taxable kingdom.

Part II — Live of His Own. The medieval constitutional principle that made taxation *extraordinary*, and therefore made it require asking.

Part III — The Committee That Became a Sovereign. How Parliament was summoned into being as a device for obtaining money, and how the power of the purse followed the duty to grant it. The Model Parliament of 1295 and the writ that gave representatives power to *bind* those who sent them.

Part IV — The Century of the Fiction. The Stuarts' attempt to find revenue that required no consent, the ship money case, and the war that settled it.

Part V — The Bargain of 1688. The settlement that made Parliament master of taxation.

Part VI — The Paradox: Binding the King Made the King Stronger. The central finding of the case. A Crown that *could not* renege could borrow — and a Crown that could borrow could out-fight every absolute monarchy in Europe. The barons and merchants who chained the sovereign to protect their property built, without intending it, the most formidable fiscal-military machine on earth.

Part VII — The Other Stream. What actually paid for it: the excise. An enormous, professional, unvoted apparatus of indirect taxation falling on ordinary consumption — and the uncomfortable scholarly suggestion that the credibility of Britain's debt rested on taxes borne by people with no representation.

Part VIII — The Export That Failed. 1765–1776. What happened when the constitutional principle was applied outward by people who had not been asked, and the answer they gave back in the metropole's own vocabulary.

Part IX — Temporary: The Income Tax, Three Times. Pitt's emergency of 1799, the repeal of 1816 and the burning of the records, Peel's "temporary" revival of 1842 — and the fact that the British income tax remains, to this day, formally temporary and renewed every single year.

Part X — The Invisible Collection. The decisive modern innovation, and it is not a rate or a base but a *method*. Deduction at source (1803); and then, in 1943, a department-store treasurer named Beardsley Ruml who understood from retail that people will pay far more, far more willingly, if they never hold the money — and who thereby converted the income tax from a levy on the rich into a levy on everyone.

Part XI — The Ratchet. Why every emergency tax outlives its emergency.

Part XII — The Ledger.

PART I

The Precondition: A Kingdom That Could Be Counted

Every study in this project begins with the landscape, and this one begins with an advantage that England possessed and almost nowhere else did.

One — The Anglo-Saxon Machine

The usual story of English liberty starts in 1215 with barons in a meadow. The real story starts two centuries earlier, with clerks and hides of land, because **before a king can be forced to ask for money, there has to be a system capable of collecting it.**

Late Anglo-Saxon England possessed such a system, and by the standards of the eleventh century it was extraordinary. Alfred the Great, confronting the Vikings in the ninth century, had built a network of fortified towns and reorganised military service, and had needed a system of assessment to fund it — the arrangement recorded in the document known as the *Burghal Hidage*. Then in **1012**, King Æthelred the Unready instituted the **geld** — also called *heregeld*, literally **"army tax"** — an annual levy assessed on land, at so many pence per *hide*, to pay for mercenaries.

Mark what that is. It is a **regular**, **national**, **assessed** land tax, levied by a central authority across a whole kingdom, in the early eleventh century. Contemporary continental monarchies could not do this. The Anglo-Saxon state, whatever its other weaknesses, had built an administrative capacity for extraction that was, on the reasonable modern assessment, **the most advanced in western Europe.**

Two — The Conquest That Captured Rather Than Replaced

And then in 1066 a Norman duke conquered it.

This project has met this structure before, in a colonial setting. In Northern Nigeria, Lugard found a functioning Islamic state with a developed fiscal system and **captured the existing machinery** rather than inventing a new one — because capturing a working revenue stream is enormously cheaper than building one, and comes with its own legitimacy attached. Where a conqueror finds no such apparatus, he reaches instead for the crudest instrument available: a flat charge on a countable object, a head or a hut.

William the Conqueror was in Lugard's position, and he made Lugard's choice. He did not invent a Norman tax. He took over the geld, and the shire and hundred courts that assessed it, and the sheriffs who collected it — the whole inherited engine — and ran it.

The historian F. W. Maitland put the value of that inheritance in a sentence that deserves to be quoted whole, because it explains the next thousand years:

> *"William might well regard the right to levy a geld as the most precious jewel in his English crown. To secure a due and punctual payment of it was worth a gigantic effort, a survey such as had never been made and a record such as had never been penned since the grandest days of the old Roman Empire."*

That survey is **Domesday Book** (1086) — and Maitland's framing is the correct one. Domesday is not a curiosity of medieval administration; it is a **tax assessment**, commissioned because the geld's assessment badly needed reform and because William, facing an invasion threat from Denmark, intended to hire mercenaries and needed to know what the country could pay.

Three — Why This Matters for Everything After

Here is the consequence, and it is the hinge of the whole Anglo story.

A kingdom that can be taxed heavily is a kingdom whose king has something worth bargaining over.

In a realm where the crown cannot effectively extract, there is nothing to negotiate: the king lives off his own lands, fights small wars with feudal levies, and the question of consent never arises with enough force to build an institution. In England the crown *could* extract — and therefore, when it wanted more, it had to deal with the men whose wealth it was reaching for.

The English constitution grew in the space between a demand and a refusal, and that space existed because the demand was worth making. The precocity of English administration and the precocity of English representative institutions are not two separate facts. They are the same fact, seen from the two ends of the transaction.

PART II

Live of His Own

One — The Governing Principle

The medieval English monarchy operated under a constitutional maxim that is easy to state and enormously consequential: **the king should live of his own.**

His *ordinary* revenue came from his own estates, from his rights as feudal overlord — payments due when an heir inherited, when a daughter married, when a ward fell under his protection — and from the profits of his courts. That was supposed to suffice for the ordinary business of governing.

Taxation, properly so called, was therefore *extraordinary*: something asked for beyond the ordinary revenues, in an emergency. And the emergency, essentially always, was **war**.

This single classification did more to shape Anglo-American liberty than any philosopher. Because a tax was *extraordinary*, it was an exception requiring justification. Because it required justification, it could be refused. And because it could be refused, someone had to be asked.

Two — The Instruments, and the Fingerprint Each Left

The companion study has traced the medieval instruments in detail, and they need only be marked here for what each contributed.

Danegeld and its successors: war tribute hardening into a routine land tax — the demonstration that an emergency levy, once collected, tends to keep being collected.

Scutage — from *scutum*, a shield: the payment by which a knight bought out of the military service he owed. This is the crucial conceptual move, and it recurs throughout this study: **a service obligation converted into a cash payment.** And it did not stay put — kings began levying it on holders of knights' fees whether or not they were knights, so that the payment detached entirely from the service that had justified it. A duty to fight became a duty to pay, and then simply a duty to pay.

And then the constraint. Chapter 12 of **Magna Carta (1215)** provided that no scutage or aid should be imposed except by common counsel of the realm, save in three specified cases. Edward I was later forced to concede that he could tax only with the common consent of the kingdom.

That clause is where the word "tax" acquired the moral content that the colonial study found being exported four centuries later. But it is worth being precise about what the barons at Runnymede were and were not doing. **They were not founding representative democracy.** They were a small class of very rich men, protecting their own property from a king who had been extracting from them ruinously to fund failed French wars. Their concern was the *magnates'* purses.

What they were actually doing was creating a procedural requirement — and procedural requirements have a life of their own. Once it is established that money requires consent, the question *whose* consent becomes live, and it stays live, and over four centuries it is answered differently and differently again. The barons wrote a rule to protect themselves. The rule outgrew them, as rules do.

PART III

The Committee That Became a Sovereign

One — Why Kings Summoned Parliaments

Now the finding that most changes how the institution should be read, and it is worth stating bluntly because the constitutional pieties obscure it.

Parliament was not created to represent the people. It was created to raise money.

Follow the logic from the king's position, which is where the decision was actually made. He needs an extraordinary levy for a war. He must obtain consent. But consent from *whom*, exactly, and how does he make it stick? If he negotiates with magnates alone, the shires and boroughs may simply refuse to pay what their betters have promised on their behalf. What he needs is a body containing people who can **bind their communities** — men who can go home and make the grant good.

So he summons them. **The representative principle enters English government not as a theory of legitimacy but as a technique of collection.**

Edward I called his first Parliament in 1275, ordering the election of two knights from each shire and two burgesses from each city and borough. And in **1295** he summoned the assembly later dubbed the **Model Parliament**, amid escalating war with France over Gascony and threats from Wales and Scotland. Its size was unprecedented: two archbishops, eighteen bishops, sixty-seven abbots, seven earls, forty-one barons, seventy-seven knights, and over two hundred burgesses.

And the detail that reveals the purpose is in the writs themselves. The representatives were summoned with ***plena potestas*** — **full power** to bind their constituencies. That is not a democratic flourish. **It is a collection device.** The Crown was ensuring that whatever was agreed at Westminster could be enforced in the shires, because a grant that the localities could disown was worth nothing.

Two — The Institution's Logic, Beginning

And now watch the structure escape its designers.

A king who must ask has, by that very fact, created a body whose consent is worth something. And a body whose consent is worth something will, sooner or later, notice that it can **attach conditions** — that the moment of granting is a moment of leverage.

The Commons learned this slowly and then all at once. The pattern that emerges over the fourteenth century is redress before supply: grievances heard first, money granted second. The purse becomes a lever, and the lever becomes a constitution.

Nobody planned this. Edward I was not building a legislature; he was funding wars in Wales, Scotland, and Gascony, and he wanted his grants to stick. He summoned burgesses because burgesses had money and could bind their towns. That the assembly he convened for that purpose would, four centuries later, try and behead one of his successors over precisely this question would have struck him as insane.

The king created a body to say yes. The body discovered it could say no. Everything follows from that.

PART IV

The Century of the Fiction

The seventeenth century is where the arrangement was tested to destruction, and the test took a specific and instructive form: **the Stuarts went looking for revenue that did not count as taxation.**

One — The Search for Unvoted Money

The Stuart position was genuinely difficult, and honesty requires saying so. Prices had risen for a century; the ordinary revenues had not kept pace; war was more expensive than ever; and "live of his own" had become impossible in fact while remaining binding in theory. A king in that position, facing a Parliament that attached conditions to every grant, does what anyone in his position does: he looks for money that does not require asking.

So the early Stuarts reached for impositions on trade, for forced loans, for the revival of obsolete feudal dues, for the sale of monopolies — and, most famously, for **ship money**.

Two — Ship Money and the Argument About the Word

Ship money was an ancient levy on coastal towns for naval defence, and it had a genuine pedigree. Charles I's innovation, from 1634, was to levy it on **inland** counties as well, annually, in peacetime, without parliamentary grant.

The legal argument was not frivolous. The king was charged with the defence of the realm; defence was an emergency power; the levy was not a *tax* but a requisition for defence, and the king was the sole judge of necessity.

Read what is happening. This is a fight about a category. Both sides accepted that taxation required consent. The Crown's entire case was that this was *not taxation*. Which is to say: **the principle of consent had become so entrenched that the Crown's only available move was to argue that the principle did not apply.** The fiction is a tribute to the strength of the rule it was designed to evade.

John Hampden refused to pay, and in the case that followed in 1637 the judges found for the Crown — but narrowly, and the reasoning proved politically catastrophic, because the logic that the king alone judged necessity meant there was no limit at all.

Three — The Settlement by War

What followed was the English Civil War, the execution of Charles I in 1649, the Restoration, and then the Revolution of 1688.

The method notes what this cost, because the framework should not present constitutional development as a smooth ascent. **The question of who may tax was settled in England by killing a king**, and by a war that killed a large fraction of the population of three kingdoms. The principle that the colonial administrators of the nineteenth century treated as furniture — that a tax is a thing agreed to — was purchased at that price.

PART V

The Bargain of 1688

The Revolution of 1688 removed James II and installed William and Mary on conditions, and the fiscal terms of the settlement matter more than the constitutional rhetoric.

The Bill of Rights of 1689 declared that levying money for the use of the Crown without grant of Parliament was illegal. And the practical arrangement went further than the declaration: the Crown's ordinary revenue was set deliberately short of its needs, so that the King had to come to Parliament **every year**. Parliament acquired the appropriation of supply, the audit of expenditure, and the effective direction of the fiscal state.

"Live of his own" was over, and it was over in the direction nobody had intended. The medieval principle had been designed to keep the king *out* of his subjects' pockets by making him self-sufficient. What replaced it was a king who was *permanently* in his subjects' pockets — and permanently accountable to their representatives for it. The constraint had been converted from a wall into a leash, and a leash allows a great deal more movement.

What that made possible is the subject of the next part, and it is the most counter-intuitive finding in this study.

PART VI

The Paradox: Binding the King Made the King Stronger

One — The Sovereign's Credit Problem

Here is the problem that had constrained every monarch in Europe, and it is a problem of *credibility*, not of wealth.

A king wants to borrow — because wars must be paid for *now*, while taxes arrive slowly. But a sovereign lender's nightmare is that the borrower is also the sovereign: he can repudiate the debt, and there is no court that can make him pay. Kings did this regularly. The consequence was that sovereigns borrowed **at ruinous rates, in small amounts, from a narrow circle**, because everyone understood the risk.

The king's very sovereignty was what made him a bad credit. He could not bind himself, because there was nobody above him to bind him to.

Two — The Solution Nobody Was Trying to Build

And the settlement of 1688 solved it — as a by-product.

Once Parliament controlled taxation, the debt stopped being **the king's** and became **the nation's**. Parliament took responsibility for it, committed specific future tax revenues to servicing it, and introduced new taxes as needed to make the commitments good. The **Bank of England** was chartered in 1694 to manage the arrangement, and around it grew a market in government securities.

The result is the argument made by the economists **Douglass North** and **Barry Weingast** in their much-cited 1989 paper *Constitutions and Commitment*: that the constitutional changes of the seventeenth century, by making it very difficult for the Crown to renege, produced a **credible commitment** that transformed the state's capacity to borrow — and that this was foundational to Britain's emergence as a great power.

Now see the paradox in full.

The men who forced these constraints on the Crown — barons, then gentry, then merchants and financiers — were pursuing a straightforwardly self-interested goal: **secure property rights, protection of their wealth, and the elimination of confiscatory government.** They wanted a king who could not seize their money.

And what they built was a state that could borrow more cheaply, and therefore more hugely, than any absolute monarchy in Europe — and could therefore field larger fleets and armies for longer, and win. **The Crown that was chained became the strongest crown on earth**, and it became strong *because* it was chained, since the chain is what made its promises worth believing.

Louis XIV had far more power over his subjects and far less power in the world. He could tax by decree and could not borrow at a decent rate; the British Parliament could refuse the King anything and lent him fortunes.

This is the institution's logic at its purest. Nobody in 1688 was trying to build a war machine. They were trying to protect their estates from a Stuart. What they produced was the fiscal engine that took Quebec, Bengal, and the Cape, and beat Napoleon.

Three — The Honest Qualification

The North–Weingast thesis is **contested**, and the study says so plainly.

Interest rates on British sovereign debt did not fall immediately after 1688 but only over the following decades, which is awkward for a story about a single constitutional moment. A specially commissioned volume of historians and economists, *Questioning Credible Commitment* (2013), argues that **multiple** mechanisms were needed to persuade creditors that sovereign debt was safe, and the broader claim that 1688 secured property rights *in general* is doubted by specialists.

And one proposed alternative explanation is so revealing that it forms the next part of this study. It holds that the decisive factor in the fall of Britain's risk premium was not the constitutional settlement as such but **the great expansion of excise duties in the early eighteenth century** — an expansion that was politically possible for two reasons: that Parliament no longer feared that revenue would strengthen a king against it, and that **the new excises fell mostly on the poor, a class not represented in Parliament.**

Hold that sentence. It is the seam in the entire Anglo story.

PART VII

The Other Stream

One — What Actually Paid for It

The constitutional narrative concerns *direct* taxes: the voted, visible, contested levies granted by Parliament after argument. That is where the drama is, and it is where the principle of consent was hammered out.

It is not, for most of the period, where the money was.

The revenue that actually funded the eighteenth-century British state came in very large measure from the **excise**: duties on beer, salt, soap, candles, leather, malt, spirits, glass, paper — the ordinary materials of ordinary life. And the apparatus built to collect it was, as the historian **John Brewer** established in *The Sinews of Power* (1989), the largest, most professional, and most intrusive bureaucracy in the country: salaried officers with defined career ladders, standardised measurement, regular gauging of vats and stills, and central audit. Brewer's argument is that this **fiscal-military state** — a tax-gathering machine of unmatched efficiency, married to parliamentary credit — is what made a middling European kingdom into a global power.

Two — The Structure Underneath the Principle

Now put the two halves of the fiscal state side by side, and the shape of the thing appears.

The visible stream — direct taxes — was voted by a Parliament elected on a propertied franchise. Consent was real here. Argument was real. The constitutional principle applied.

The hidden stream — the excise — fell on consumption, which means it fell hardest, as a share of income, on the poorest households. It was not felt as a demand at all; it arrived inside the price of beer and salt and candles. And the people who bore it **had no vote, no representative, and no procedure by which to refuse.**

The consent principle and the actual burden were running on different tracks.

And this is the finding that connects this study to its companion. The colonial paper found a hut tax imposed on people who were never asked, who had no representative anywhere, levied under a word whose entire moral content derived from consent — and treated this as a fiction exported across a border.

It was exported. But it was not invented abroad. The domestic fiscal state had always been two-tier: a consented, visible, argued-over levy on the propertied, running above an unconsented, invisible, unargued-over levy on everyone else. The empire did not corrupt a pure principle. **It took the arrangement that already existed at home and moved the line — so that the unrepresented tier included an entire population rather than merely the poorer half of one.**

The framework should record this without melodrama. The men who built the excise were not conspiring against the poor; they were solving a revenue problem with the instrument that raised the most money at the least political cost — and "least political cost" meant, precisely and unavoidably, *falling on those least able to make trouble in Parliament.* **Position logic selects for taxes on the unrepresented, in every era, because that is where resistance is cheapest to ignore.** No conspiracy required. Only a Chancellor with a deficit and a list of options.

PART VIII

The Export That Failed

The first great test of what the principle actually meant came not in Africa in the 1890s but in America in the 1760s — and it is worth a short part, because the colonists' argument is the hinge between this study and its companion.

After 1763, having won an enormously expensive war, Britain faced a debt of unprecedented size and a new continental empire to garrison. From Westminster's position the proposal was reasonable to the point of obviousness: **the colonies had been the principal beneficiaries of the war; let them contribute to the cost of their own defence.** Hence the Sugar Act, the Stamp Act of 1765, the Townshend duties, and the tea duty.

The colonial answer came back in the metropole's own vocabulary and could not be dismissed as barbarous, because it was Westminster's own constitutional doctrine read back aloud: **an Englishman is not taxed without the consent of his representatives; we have no representatives in this Parliament; therefore these are not taxes but exactions.**

Parliament's reply — the doctrine of *virtual representation*, that members represented the whole empire and not merely their electors — is precisely the kind of move Part IV identified in the ship money case: **when a principle has become too strong to attack, you argue that it has been satisfied.**

The argument was lost, and thirteen colonies left.

And here is the point for the framework. The lesson Britain drew from 1776 was *not* that the principle of consent should be extended to the governed. It was that colonies of *British settlers* were dangerous to tax without concession — which is a lesson about the *identity of the payer*, not about the principle. A century later, in Sierra Leone and Kenya, the same state levied unconsented taxes on populations who made the identical argument in Temne and Kikuyu, and were answered with scorched earth rather than repeal.

The doctrine had not failed to travel. It had travelled exactly as far as the people it recognised.

PART IX

Temporary: The Income Tax, Three Times

One — 1799: The Emergency

On 9 January 1799, facing six years of war with revolutionary France and a Royal Navy that had to be paid for, **William Pitt the Younger** introduced a wholly new instrument: a tax on **income**.

It was graduated, beginning at two old pence in the pound on incomes over £60 and rising to two shillings in the pound — ten per cent — on incomes over £200. Pitt hoped for £10 million in the first year; it produced a little over £6 million.

And it was, in the National Archives' own phrasing of the Act's intent, the **(temporary)** solution. **It was a tax to beat Napoleon**, and nothing more.

The outcry was immediate and it fastened on something other than the money. The objection was to the *inquisition* — to a state that would inquire into what a man earned. The City of London's petition called it an **"odious, arbitrary, and detestable inquisition into the most private concerns and circumstances of individuals."**

That objection is worth marking, because it identifies exactly what was new. Land can be seen and counted; goods passing a customs house can be seen and counted. **Income cannot be seen.** To tax it, the state must *ask*, and must be entitled to disbelieve the answer, and must have the power to look. **The income tax is the point at which the fiscal state acquires the right to inquire into private life** — and that, rather than the rate, is what the petitioners understood themselves to be resisting.

Two — 1816: The Bonfire

Napoleon was defeated in 1815. In 1816 Parliament repealed the income tax — by one contemporary account, **"with a thundering peal of applause."**

In barely six weeks, **379 petitions** against renewing the tax reached the Commons. Ministers were accused of **breaking the promise made in 1799** that the tax was a temporary wartime measure and not a permanent one.

And then Parliament did something that tells you the temperature exactly: it decreed that **all documents connected with the tax should be collected, cut into pieces, and pulped.** The records were, by tradition, burned in Old Palace Yard at Westminster.

The method flags the story honestly: several historians treat the bonfire as possibly legend, and the most persuasive evidence for it is indirect — that when Peel revived the tax in 1842, **the records were no longer available.** And there is a detail that is almost too apt to be true: those destroying the records appear not to have known that **duplicates had already been sent to the King's Remembrancer.**

A state that ceremonially burns its own tax records is a state making a promise it cannot make credibly any other way. The destruction is the point: it was meant to be *irreversible*, the fiscal equivalent of breaking the mould. And its futility — the duplicates in the archive, the revival twenty-six years later — is the whole lesson of Part XI.

Three — 1842, and the Permanence of the Temporary

In 1842 **Sir Robert Peel**, facing a large deficit and wishing to reduce tariffs, reintroduced the income tax on incomes above £150. It was, once again, presented as **temporary**. Gladstone, later, repeatedly promised its abolition and repeatedly failed to abolish it.

It has now been in continuous operation for one hundred and eighty-four years.

And here is the fact that makes this a case study rather than an anecdote. British income tax is *still*, formally, a **temporary tax**. It expires on 5 April each year and must be re-imposed as a provision of the annual Finance Bill; the Provisional Collection of Taxes Act 1913 exists to permit collection to continue for a few months while the new Bill completes its passage.

Two hundred and twenty-seven years after a temporary measure to beat Napoleon, the British state re-enacts it every twelve months. The temporariness has not been abandoned; it has been *institutionalised*. The form of an emergency has become the permanent liturgy of the ordinary — which is, in a single detail, the entire behaviour of this institution.

PART X

The Invisible Collection

Now the modern architect's hour, and it is the most under-appreciated in the whole history of taxation, because the decisive innovation was not a rate, a base, or a principle. **It was a method of collection** — and it worked by making the payment disappear.

One — The American Re-run

The United States re-ran the British sequence at high speed. An income tax was enacted in 1861 to fund the Civil War and repealed afterwards. A peacetime attempt in 1894 was struck down by the Supreme Court in *Pollock* (1895) as an unapportioned direct tax. The response was constitutional: the **Sixteenth Amendment**, ratified in 1913, authorising Congress to tax incomes from whatever source derived.

And the essential fact about that tax is its **scale**: it was a **class tax**. High exemptions meant it reached only the wealthiest sliver of the population; the overwhelming majority of Americans neither paid it nor filed. It was, politically, a tax on other people.

Two — The Problem of 1942

The Second World War made this impossible. The revenue required was on a scale that could not be extracted from the rich alone, and exemptions were slashed so that tens of millions of ordinary wage-earners became liable — most of them for the first time in their lives.

Which produced an administrative and political problem that could have wrecked the whole enterprise. The system was **retrospective**: you earned in one year and paid the following year, in a lump. A worker who had never paid income tax would now be asked, in March, to produce a very large sum out of wages he had already spent. Millions would not have it. **You cannot run a mass tax on a system designed for the wealthy, because ordinary households do not hold reserves.**

Three — The Man From Macy's

The solution came from a man whose position had taught him something the Treasury had not thought about.

Beardsley Ruml was the **treasurer of R. H. Macy & Company** — the department store — and simultaneously **Chairman of the Federal Reserve Bank of New York.** He put his plan to the country in *Fortune* in September 1942 and on CBS radio in January 1943, and to the Senate Finance Committee in hearings where he appears in the witness list a few lines above a young Treasury economist named **Milton Friedman**, who was working on the same problem.

Ruml's diagnosis was that the 1913 system had a defect that no longer mattered when rates were low and now mattered enormously: it left the government as **the creditor of some 27,000,000 taxpayers and their families**, all of them in debt for tax as they earned. His plan — "**pay-as-you-go**" — was to put everyone on a current basis by forgiving a large part of the transition year's liability, and thereafter to collect the tax **at source, from the pay packet, as the money was earned.**

Congress enacted it as the **Current Tax Payment Act of 1943**, requiring employers to withhold federal income tax from wages and remit it directly to the government.

Four — What a Retailer Knew That the Treasury Did Not

Now the position logic, because it is exact and it explains why this man and not a career official.

Ruml's job was selling goods to households. A department store treasurer in the 1930s and 40s knew, as a matter of daily commercial fact, several things about how ordinary people part with money:

- that a customer will buy far more on **instalments** than in a lump, even at a higher total price;
- that the pain of a purchase is governed by the **size and salience of each payment**, not by the total;
- and that the ideal arrangement is one in which the customer never experiences a moment of *handing over* the money at all.

He applied retail credit psychology to the public revenue, and it worked exactly as it works in a store.

Because now consider what withholding does. The worker never possesses the money. It never enters his account; he never writes a cheque; he never chooses to comply, and therefore never chooses not to. His experience of the tax is a smaller number on a payslip — a subtraction from a figure he never held. And at the end of the year, if too much has been taken, **the government sends him a refund**, so that his most vivid annual encounter with the Internal Revenue Service is *receiving a cheque.*

The results were what any retailer would have predicted. Compliance became near-automatic; collection costs collapsed onto employers; and the number of Americans paying federal income tax rose, across the war, from a few million to over forty million. **The income tax was converted from a class tax into a mass tax**, and the conversion was made possible not by any change in the public's willingness to be taxed but by a change in *when the state's hand entered the pocket.*

Five — The Finding

The companion study's central diagnostic was that **the medium of payment is the operative clause** — that a tax payable only in coin, levied on a household holding none, is not a fiscal measure but a labour draft, and that you should therefore go straight to what will be accepted in satisfaction of the tax.

This case yields its domestic twin:

> ***The mode of collection is the operative clause. A tax's political sustainability is determined less by its rate than by whether the payer ever holds the money.***

Every major expansion of the tax base in the Anglo tradition has been accompanied — usually preceded — by an innovation that reduces the *felt* moment of payment. Deduction at source was introduced in Britain as early as **1803**, by Addington, and it let him widen the liable population dramatically while lowering the headline rate. The excise of the eighteenth century worked because it arrived inside the price of beer. Withholding in 1943 did the same for the wage.

The state has never solved the problem of persuading people to pay. It solved the problem of making them notice.

And the framework's usual disclaimer applies with unusual force. Ruml was not a conspirator; he was a competent executive with an unusual vantage, solving an urgent wartime administrative problem in front of him, using the professional knowledge his position had given him. **He was not trying to build the permanent apparatus of mass taxation. He was trying to get through 1943.** The apparatus is what he left behind.

PART XI

The Ratchet

One regularity runs through this entire history and deserves to be named, because it is the most reliable prediction the case supports.

Every tax introduced as an emergency measure outlives its emergency.

The geld was raised to buy off Vikings and became an annual land tax. Scutage was a commutation of military service and became a payment detached from any service. Danegeld hardened into carucage. Ship money was a naval requisition that Charles I tried to make routine. Pitt's income tax was to beat Napoleon and is with us. Peel's revival was temporary and is one hundred and eighty-four years old. American withholding was a wartime expedient and has never been repealed.

The economists **Alan Peacock** and **Jack Wiseman** gave the mechanism a name: the **displacement effect**. A crisis — war, above all — displaces public spending and taxation to a new and much higher level; the population, facing an emergency, tolerates burdens it would never have accepted in calm conditions; and when the crisis passes, the level **does not return to where it began.** It settles somewhere above. The next crisis then displaces it again from the new floor.

The framework's reading is that this is not a conspiracy of ratcheting bureaucrats but a structural asymmetry with three components, each of which is simply position logic:

First, the tolerance is real but non-refundable. A population will accept in wartime what it would refuse in peace — and the acceptance, once given, has already established that the thing *can* be done. The administrative machinery exists; the legal precedent exists; the public has been habituated. Each of those is far cheaper to keep than to rebuild.

Second, spending finds the revenue. Once a revenue stream exists, every claimant on the budget has a concentrated interest in its retention, while the taxpayers' interest in repeal is diffuse — Olson's asymmetry, in the plainest possible form. Programmes acquire constituencies faster than taxes acquire enemies.

Third, and most decisive: no one is ever in the position of repealing a tax at the moment when doing so is easy. The chancellor who could abolish a levy in a year of surplus is precisely the chancellor with a surplus to spend, and a hundred urgent uses for it.

1816 is the exception that proves the rule, and it required a bonfire. It is the one occasion in this history when a major tax was genuinely repealed — and Parliament, understanding perfectly well what it was up against, tried to make repeal irreversible by destroying the records. The tax came back in twenty-six years anyway.

PART XII

The Ledger

Both columns, in ink.

In the column of the achievements, which are enormous and which cynicism about taxation cannot survive contact with: the demand for money is the thing that built representative government. Not philosophy, not the Reformation, not the printing press — **the need of kings for war finance, meeting the refusal of men who had the money.** Every institution we now describe as constitutional liberty in the Anglo tradition grew out of the procedural requirement that money be granted rather than taken: Parliament itself, the redress of grievances, the appropriation and audit of public spending, ministerial accountability, and ultimately the extension of the franchise, which was argued for in exactly the terms that the tax question had made available. **The purse was the only lever subjects ever had against a king, and everything else was built by pulling it.** And the settlement that resulted did not merely restrain the state; it made the state astonishingly effective, because a sovereign who cannot cheat his creditors can borrow on terms no absolute monarch could dream of. The chain made the giant.

In the column of the costs, held at equal strength: the consent was always partial, and the partiality was not an accident but a design feature. The barons at Runnymede were protecting magnates; the Parliament of 1689 was elected on a propertied franchise; and the revenue that actually funded the fiscal-military state came substantially from excises falling on households with no vote — an arrangement that was politically viable *precisely because* those who bore it could not refuse. The principle was consent; the practice was consent for the represented and extraction from everyone else. **When that arrangement was carried abroad it became the hut tax, and the only thing that had changed was where the line was drawn.** The instrument that acquired the right to inquire into private life in 1799 has never given it back. And every emergency levy in seven hundred years has proved permanent, including the ones whose records were burned to prevent exactly that.

The case resolves, as this project's cases tend to, against both easy pictures and into the harder one between them.

It was **not** a design. No one set out to invent representative government; Edward I wanted his grants to stick in the shires, and summoned burgesses because burgesses could bind their towns. No one set out to build the world's most powerful state by limiting its monarch; the men of 1688 were protecting their estates from a Stuart. No one set out to make forty million Americans into income-tax payers; a department-store treasurer was trying to get through the fiscal year 1943 without a collapse in collections.

And it was **not** a conspiracy. There is no cabal in this story — only kings who needed money, subjects who had it, chancellors with deficits, and a very large number of people in particular positions, each reaching for the instrument that solved the problem in front of him at the least cost to himself.

It was an architect's hour, and then another, and then another — 1086, 1215, 1295, 1637, 1688, 1799, 1842, 1913, 1943 — each one a bounded episode in which identifiable people made a deliberate decision about a real and pressing problem, and each one handing its solution to an institution that carried it forward on a logic none of them chose.

The word "tax" that a district officer wrote into a Sierra Leone ordinance in 1898 had seven hundred years of that behind it: the geld, the bonfire, the beheading, the bank. It arrived in West Africa carrying the moral weight of every one of those struggles, and none of their substance.

Held, like everything in this project, as tested, not revealed.

A Note on Sources

Every quotation is verified to a published source; none is invented.

On the Anglo-Saxon and Norman fiscal state. The *Burghal Hidage* and Alfred's reorganisation of burhs and the *fyrd*; the institution of the geld or *heregeld* ("army tax") by Æthelred the Unready, first regularly collected in 1012 to pay mercenaries; its assessment on hides and carucates; and its continued collection after the Conquest until 1162 — follow the standard reference literature on taxation in medieval England. The judgment that the late Anglo-Saxon kingdom possessed a more advanced taxation and administrative system than existed elsewhere in Europe, and that Domesday was commissioned in response to a threatened Danish invasion and William's intention to hire mercenaries, follows the same literature. **F. W. Maitland's assessment is quoted from *Domesday Book and Beyond* (1897), p. 4** — that William "might well regard the right to levy a geld as the most precious jewel in his English crown," and that securing "a due and punctual payment of it was worth a gigantic effort, a survey such as had never been made and a record such as had never been penned since the grandest days of the old Roman Empire" — as reproduced in the Hull Domesday Project's discussion of *geldum*. The relationship of the geld to the making of Domesday Book remains a live scholarly controversy and is flagged as such.

On "live of his own," danegeld, scutage, carucage, and chapter 12 of Magna Carta (1215), see the companion study in this collection, *Every Possible Lawful Influence*, and the standard reference literature there cited; the material is summarised here rather than re-argued.

On the origins of Parliament. Edward I's first Parliament of 1275, with two knights elected from each shire and two burgesses from each city and borough summoned to consent to taxes for his military campaigns; the Model Parliament summoned by writs issued in September and October 1295 to convene at Westminster on 13 November 1295, amid conflict with France over Gascony and threats from Wales and Scotland; the writs' invocation of the "common counsel of the whole realm"; the grant of *plena potestas* empowering representatives to bind their constituencies; and the composition of the assembly (approximately two archbishops, eighteen bishops, sixty-seven abbots, seven earls, forty-one barons, seventy-seven knights, and over two hundred burgesses) follow the reference accounts and **J. R. Maddicott, *The Origins of the English Parliament, 924–1327*** (Oxford, 2010), which is the leading modern authority. On Henry III, the Provisions of Oxford (1258), and de Montfort's parliament of 1265, the standard accounts are followed. The characterisation of the assembly as summoned chiefly to secure consent to extraordinary taxation is the settled view of the field.

On the Stuart period. Ship money, its extension to inland counties from 1634, Hampden's Case (1637), and the constitutional crisis are given as the standard constitutional histories give them. The Bill of Rights 1689 and the deliberate under-provision of the Crown's ordinary revenue follow the same.

On the Financial Revolution and credible commitment. Douglass C. North and Barry R. Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* 49:4 (1989), 803–32, whose abstract states that it interprets the institutional changes "on the basis of the goals of the winners — secure property rights, protection of their wealth, and the elimination of confiscatory government," from which that phrase is quoted. On Parliament's assumption of responsibility for the debt, the commitment of future tax revenues to servicing it, the founding of the Bank of England in 1694, and the emergence of the London stock market, see P. G. M. Dickson, *The Financial Revolution in England* (1967); Henry Roseveare, *The Financial Revolution 1660–1760* (1991); and the summary in the EH.net encyclopedia entry on the Glorious Revolution.

The North–Weingast thesis is contested, and the study treats it as such. See **D'Maris Coffman, Adrian Leonard, and Larry Neal (eds.), *Questioning Credible Commitment: Reinterpreting the Glorious Revolution and the Rise of Financial Capitalism*** (Cambridge, 2013), which argues that multiple commitment mechanisms were necessary; Gary W. Cox, "War, Moral Hazard, and Ministerial Responsibility: England After the Glorious Revolution";

David Stasavage, "Credible Commitments in Early Modern Europe: North and Weingast Revisited," and *Public Debt and the Birth of the Democratic State* (2003); and Stephen Quinn (2001). The observation that interest rates did not decline until several years after 1688, and the alternative hypothesis that the decline in the risk premium owed to the early-eighteenth-century expansion of excise duties — possible because Parliament no longer feared that revenue would strengthen the King against it, and because **"the new excise taxes were borne mostly by the poor, that is a social class not represented in parliament"** — is drawn from the scholarly literature reinterpreting the North–Weingast hypothesis, from which that phrase is quoted.

On the fiscal-military state and the excise. John Brewer, *The Sinews of Power: War, Money and the English State, 1688–1783* (1989), is the foundational work. See also Patrick O'Brien, "The Political Economy of British Taxation, 1660–1815," *Economic History Review* 41:1 (1988); O'Brien and P. A. Hunt, "The rise of a fiscal state in England, 1485–1815," *Historical Research* 66 (1993); and O'Brien's "Fiscal Exceptionalism" (LSE working paper, 2001).

On the American crisis of 1765–1776, the Sugar Act, Stamp Act, Townshend duties, and the doctrine of virtual representation, the standard constitutional and revolutionary historiography is followed.

On the British income tax. Pitt's introduction on 9 January 1799; the graduated structure beginning at two old pence in the pound on incomes above £60 and rising to two shillings in the pound (ten per cent) above £200; the hoped-for £10 million against actual receipts of a little over £6 million; Addington's repeal in 1802 under the Treaty of Amiens and reinstatement in 1803; **Addington's introduction of deduction at source in 1803**; the repeal of 1816 "with a thundering peal of applause"; the 379 petitions received within six weeks; the accusation that ministers had broken the promise of 1799 that the tax was temporary; the City of London petition's description of the tax as an **"odious, arbitrary, and detestable inquisition into the most private concerns and circumstances of individuals"**; Parliament's decree that the documents be collected, cut into pieces, and pulped; the tradition of the bonfire in Old Palace Yard; the survival of duplicates sent to the King's Remembrancer; and Peel's reintroduction in 1842 on incomes above £150 — follow the UK National Archives' account of the 1799 Act, the Parliament and reference literature on the history of income tax, and the secondary summaries collected in the sources consulted. **The bonfire is flagged as possibly legendary**; several historians treat it as a story that may be true, the strongest evidence being that the records were unavailable when Peel revived the tax in 1842. That British income tax remains formally temporary — expiring on 5 April each year and requiring renewal in the annual Finance Bill, with the Provisional Collection of Taxes Act 1913 permitting continued collection in the interim — follows the same literature.

On the American income tax and withholding. The Civil War income tax of 1861 and its repeal; *Pollock v. Farmers' Loan & Trust Co.* (1895); and the ratification of the Sixteenth Amendment in 1913 follow the standard accounts. **Beardsley Ruml's position as treasurer of R. H. Macy & Co. and Chairman of the Federal Reserve Bank of New York is confirmed in the primary record**, including the transcript of his interview on the CBS "People's Platform," broadcast 16 January 1943, digitised by the Federal Reserve Bank of St. Louis (FRASER), from which his statement that "the government cannot continue for long to be the creditor of some 27,000,000 taxpayers and their families, in debt for income tax as they are today" is quoted. His article "Turn the Tax Clock Ahead: The Proposal for Putting Personal Income Taxes On a Much Needed Current Basis," *Fortune*, September 1942, is cited but not quoted (the text is under copyright). Ruml's testimony before a subcommittee of the Senate Committee on Finance on 19 August 1942 on the withholding provisions of the 1942 Revenue Act — at which **Milton Friedman of the Treasury Department also gave evidence** — is recorded in the published hearing. The **Current Tax Payment Act of 1943** (Pub. L. 78-68, 57 Stat. 126, 9 June 1943), compelling employers to withhold federal income taxes from wages and remit them directly, the earlier withholding provision of the Tariff Act of 1913 and its repeal in 1916, and the legislative history involving the competing Ways and Means, Ruml–Carlson, and Robertson–Forand bills, follow the Act and the Senate Finance Committee's published legislative history.

On the ratchet. Alan T. Peacock and Jack Wiseman, ***The Growth of Public Expenditure in the United Kingdom*** (1961), for the **displacement effect**. On the asymmetry between concentrated beneficiaries and diffuse payers, **Mancur Olson,** ***The Logic of Collective Action*** (1965).

Contested matters are flagged as such: the relationship of the geld to Domesday; the North–Weingast thesis and the timing of the fall in interest rates; the historicity of the 1816 bonfire; and the relative weight of constitutional versus fiscal-administrative factors in Britain's eighteenth-century rise. The interpretation offered here of Ruml's retail formation is the study's own inference from his position and his stated reasoning, not a claim found in the sources, and is offered as such. Where this study errs, it should err visibly, in a form the cited scholarship can correct.

Part of the collection *Patterns of Power*. Companion to *Every Possible Lawful Influence*. **Tested, not revealed.**